

IC-SHARE 2024

International Conference on Sharing Economy and
Contemporary Business Models: Theory and Practice

May 10th-11th, 2024 Belgrade





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**Proceedings of the first International conference on
sharing economy and contemporary business models:
Theory and practice**

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Belgrade, 2024



PUBLISHER

University of Belgrade – Faculty of Organizational Sciences
Jove Ilića 154, Belgrade, Serbia

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PRINTING Newpress, Smederevo

ISBN: 978-86-7680-469-6

Circulation: 50

YEAR 2024

CONFERENCE ORGANIZER University of Belgrade – Faculty of Organizational Sciences

CIP - Каталогизација у публикацији
Народна библиотека Србије, Београд

005(082)

330(082)

INTERNATIONAL conference on sharing economy and contemporary business models: theory and practice (1 ; 2024 ; Belgrade)

Proceedings of the first International conference on sharing economy and contemporary business models: theory and practice, Belgrade, May 10-11, 2024 / editors Milica Maričić, Veljko Jeremić, Nikola Zornić. - Belgrade : University, Faculty of organizational sciences, 2024 (Smederevo : Newpress). - 184 str. : graf. prikazi, tabele ; 24 cm

Tiraž 50. - Napomene i bibliografske reference uz tekst. - Bibliografija uz svaki rad.

ISBN 978-86-7680-469-6

а) Менаџмент -- Зборници

б) Економија -- Зборници

COBISS.SR-ID 153385225

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Preferences of Gen Z Towards Using Sharing Economy Platforms in the Fashion Industry: Evidence from Serbia

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Abstract. *The sharing economy presents a modern and more sustainable way of sharing resources, products and services between individuals, enabling the reduction of waste and sustainable consumption. To this day, sharing platforms in different industries, such as tourism, transport, finance and education, have been developed. This paper focuses on the sharing platforms in the fashion industry and the acceptance of their usage. To answer the raised question quantitative study was conducted among the young population (Gen Z) in the Republic of Serbia. The main objective of the paper is to show the level of awareness and willingness of Serbian Gen Z to use a platform for clothes, shoes and accessories sharing. To assess their acceptance of sharing platforms in the fashion industry we used the UTAUT model.*

Keywords. *Sharing economy, fashion industry, UTAUT model, Gen Z, clothes-swapping platforms*

1 Introduction

The digital economy is characterized by its reliance on digital technologies and the prevalent utilization of Information-Communication Technology (ICT), hardware and software, telecommunications and applications across all sectors (Đorić, 2020). Digital transformation in online sales uses a variety of tools to respond to customer needs and preferences more effectively (Rađenović et al., 2023). Đorić (2020) states that the digital economy encompasses the internal and external activities between organizations, organizations and individuals, and among individuals, presenting a suitable basis for the Sharing Economy (SE). SE presents a new, redesigned business model of the digital economy, that uses the Internet and ICT. It is a modern concept of sharing resources, integration of the community, preservation of resources and sustainable development (Bojković et al., 2022). In the last few years, the concept of SE has drawn a lot of public attention with a wide field of applications. It has been widely popularized worldwide as a concept of mutual share or exchange of products and/or services between individuals or a group of people, increasing the level of reuse of existing resources and decreasing the need for shopping, as well as the ecological footprint and waste. SE also presents a social movement and lifestyle (Cheng, 2016), guided by the idea of moving from “owning” to “sharing” and from temporary ownership to short-term ownership.

In the Republic of Serbia, low levels of municipal waste reuse, recovery and recycling, a scarcity of advanced technology, substantial volumes of waste disposal and insufficient economic incentives are the main bottlenecks of its sustainable development (Ilić & Nikolić, 2016), implying that the awareness of the environmental status and practices for reduction of the environmental impact (such as SE practices) in the Republic of Serbia is at a low level. There are many national and international SE platforms operating in the Republic of Serbia that are insufficiently used and mainly related to transportation, accommodation and selling of food, clothes and footwear (Bojković et al., 2022). However, statistical data indicates that the population in the Republic of Serbia is suitable for the adoption of SE platforms. Based on the statistics on the usage of ICT in the Republic of Serbia, for the year 2023 (Statistical Office of the Republic of Serbia, 2024), 85.6% of respondents have an Internet

connection at home, while 75% of respondents have used a computer in the last three months. As for online shopping, 51% of respondents bought/ordered goods or services online and the largest percentage of respondents (69.7%) ordered clothes (including sportswear), shoes or accessories (bags, jewellery). Encouragingly, there is also gradual progress in areas such as Internet usage and digital public services (Đorić, 2020). In the Republic of Serbia, classified by area and key characteristics, there are five types of national and international platforms and providers of SE (Živojinović et al., 2022): accommodation (living and (co)working), transportation (car sharing and driving share), finances (group and shared investment), human resources – on-demand services (cleaning, cooking, professional services, pet service and others) and consumer durables. Looking at the experience of those who already participated in the SE, the findings outlined in (Krstić, Veljković & Kuc, 2023) indicate that participants (users and providers) within the Republic of Serbia are satisfied with experiencing SE and have positive assessments of platform functionality, the precision and promptness of service delivery, reasonable pricing and the amiable nature of service providers, prioritizing financial gains and cost-effectiveness. Research results of Maričić and associates (2023) show that age, level of financial income and size of the city where respondents grew up, significantly impact the decision to participate in SE.

Having in mind that the Republic of Serbia is slowly but surely adopting SE practices, the aim of this paper is to observe the awareness of the younger population (Gen Z) of SE platforms for clothes, shoes and accessories, as well as their readiness to use such platforms. To do so, a survey was conducted among the Gen Z population in Belgrade, Republic of Serbia. To measure their acceptance of the SE platforms in the fashion industry, the Simplified Integration Theory of User Acceptance and Utilization (UTAUT) model was employed. The paper is structured as follows. After the introductory part, a literature review on the current operation platforms of SE in general and in the fashion industry is presented in the second chapter. The third chapter presents the case study settings and research methodology. The results are presented in the fourth chapter. The fifth chapter presents the discussion and concluding remarks.

2 Sharing economy platforms in the fashion industry

Regarding the fashion industry, there are several SE platforms, as well as mobile applications available worldwide. Some of them are presented in the following. Popswap, Sellpy, Plick and Refine group are Swedish online platforms that enable renting, selling, buying or exchanging clothes and accessories across nearly all European markets. The *Popswap* mobile application matches and connects users (called Style Twins) with similar fashion styles and preferences. This application enables users to create virtual wardrobes, explore the styles of other users, and borrow clothes, bags and shoes (by swapping in the application), fostering a community of fashion enthusiasts committed to sustainability. The objective of this application is to enable sustainable fashion and wardrobe and to enjoy the process by all users (Popswap, 2024). *Sellpy* presents an online platform and mobile application for selling and buying second-hand items, enabling more sustainable online consumption of things and clothes. This platform shows the emissions savings for each item purchased through the platform instead of purchasing the same new product. They additionally show the reduction of water and CO₂, representing the main idea: longer life for items, reduction of emissions and water saving. Also, they enable 10 weeks as a selling period and after that, if the item is not sold, they donate it to a charity (SOS Children's Villages, Stockholm City Mission, Save the Children, UNHCR and Djurens Rätt) or recycle it (Sellpy, 2024). *Plick* is a platform and mobile application for online selling and buying second-hand clothes, shoes and accessories (Plick Rethink fashion, 2024). The *Refine Group*, previously called Spherio Group, is a company that manages resale marketplaces and provides a Software as a Service (SaaS) platform for brands and companies, allowing efficient management of the resale of excess samples, inventory and second-hand items (Refine Group, 2024). *Rent the Runway* is a US and UK platform and mobile application that enables users to rent or buy designer clothes and accessories, for special occasions and every day (Rent the runway, 2024). *By Rotation* is an online US and UK platform and mobile application where users can lend and rent clothes and items, connecting like-minded users to monetize, share and consume fashion (By rotation, 2024). The *My Wardrobe HQ* is a UK rental online platform, where users can rent or buy luxury-designed clothes and accessories, for everyday, special occasions or even sports (My wardrobe HQ, 2024).

In the Republic of Serbia, it is common to rent dresses, clothes and shoes for special occasions, wedding dresses, accessories, men's suits, working clothes, and others. Customers can see only part of the offer on the store's website, but the renting must be done in person in-store. In this industry, the Republic of Serbia does not have many developed SE platforms. To our knowledge, there is only one platform that functions in this way, called *Moje krpice* (*Moje krpice*, 2024). It presents an online community where people can buy, sell or exchange clothes and accessories that are in good condition. Every item requires a photo, name, price, size, city (of the seller), description of the item and colour. Every seller and buyer needs to have a profile, with reviews from other users with whom they had cooperation (sold or bought).

3 Case study settings

Young people in the Republic of Serbia try to follow worldwide trends and keep up-to-date with world events. It is often mentioned today that the SE paradigm relies on the Millennial generation, who are between 18 and 38 years old (Brkljač & Sudarević, 2018). For this reason, young people (students) were the target group for conducting this research. To examine the potential for the development of SE platforms in the fashion industry in the Republic of Serbia, a survey was conducted in February 2024 in Belgrade, Republic of Serbia. The online survey was anonymous, conducted using Google Forms. The link to the survey was distributed on the personal profiles of authors and their acquaintances. A convenience sampling approach was used. The survey consisted of five segments: socio-demographic questions, questions related to previous experience in using SE platforms, perceived benefits and drawbacks of the SE concept (Maričić, Drinjak & Popović, 2023), SE platforms in the fashion industry and the questions of the UTAUT model. UTAUT model, proposed by Venkatesh et al. (2003), uses four independent variables: Performance Expectancy (PE), Effort Expectancy (EE), Social Effect (SI) and Facilitating Condition (FC), and Behavioural Intention (BI) as a dependent. To analyse the data, SPSS 28 and SmartPLS 4 were used.

4 Results

In total, 108 individuals participated in the survey, out of which 78.7% were female and 21.3% were male. A gender disproportion is visible, but it could have been expected having in mind the topic of the survey (fashion, clothes, accessories) and that females are more prone to participating in surveys. The average age of the respondent was 24.685 with a standard deviation of 3.952. The age of the respondents varied from 17 to 36. As much as 66.7% of respondents heard of the SE concept, while 81.5% stated they used one or more SE platforms. The observed difference in percentages indicates that individuals participate in the SE, without being aware of the concept itself. Among the five observed benefits of SE, most respondents agree that SE allows the efficient use of resources (mean=4.440, std=0.846) and the possibility to save/earn money (mean=4.390, std=0.830). Respondents most commonly used the platform in the Republic of Serbia and abroad (47.2%), while 25.9% used it only in the Republic of Serbia, and 8.3% just abroad. This indicates that the respondents are open to using sharing platforms in both the Republic of Serbia and abroad. Looking at the drawback of the concept, the respondents find the fear of fraud (mean=4.414, std=0.932) as the most problematic one.

As the main interest of the research is to observe the respondents' propensity to use sharing platforms in the fashion industry, we introduced several questions related to the respondents' habits in shopping of clothes and accessories. The average monthly spending on clothes and accessories is 7876.47 RSD (65 Euros) with a standard deviation of 6861.071. The spending range is from 1000 RSD to 50,000 RSD. The clothes and accessories are usually bought in stores, from time to time online and via social networks, and rarely or never in second-hand shops. Almost 60% of respondents (58.3%) knew that platforms for sharing clothes exist. However, just 21.3% were confident they would use such a platform, while 54.6% were still not sure. Interestingly, looking at their role on the platform, 48.1% would be a customer and provider, showing that respondents are open to sharing/selling/renting their clothes and accessories. Also, a result worth mentioning is that more respondents would be just providers (13.0%) than just customers (10.2%). As much as 8.3% saw themselves as "observers", those who are not actively participating in the sharing, but are swiping and looking at the offers. When asked what they would share on such a platform, as a multiple-choice question, in the same percentage of all answers,



the respondents would share clothes and accessories (36.41%). The answers also point out that the respondents are not that open to sharing shoes.

To test the shortened UTAUT model, we employed the partial least squares structural equation modelling (PLS-SEM) algorithm. Before conducting the model verification, we assessed the scale consistency, validity and mean values. Scale consistency was measured using Cronbach's alpha, while the construct validity. All scales have Cronbach's alpha above the threshold of 0.7 and the AVE above 0.5 (Table 1). These results indicate that the scales are reliable and that their structure should not be altered. Looking at the means, the scale with the highest mean is *Facilitating Condition (FC)*, while the *Behavioural Intention (BI)* is the lowest, just 2.567.

Table 1. Scale consistency, validity and mean values (Source: Authors' work)

	PE	EE	SI	FC	BI
No. of items	3	3	3	2	3
Mean	2.907	4.426	3.185	4.685	2.567
Alpha	0.866	0.878	0.918	0.893	0.981
AVE	0.787	0.805	0.859	0.899	0.964

PLS-SEM with 5000 bootstrap iterations was employed. Out of the original sample, 5,000 random samples were generated and the model was assessed on them. The original model had a solid fit to the data (Chi-square=245.613, $p < 0.05$, SRMR=0.060, NFI=0.843). The model verification results are presented in Table 2. According to the T-statistics (T-stat), out of four predictors, two are statistically significant, PE and SI. Both scales have a positive impact on the behavioural intention, meaning that if the PE and SI increase, the BI will increase as well. The remaining predictors, EE and FC, are negative and not statistically significant. The difference between the original sample paths and bootstrap paths is low, as well as the path standard deviation, suggesting that the results are stable. In the proposed model, 54.9% of the variability of BI can be explained.

Table 2. Short UTAUT model verification results (Source: Authors' work)

Dependent	Predictor	Path coeff.	Mean path coeff.	Std.	T-stat	R ²
Behavioural intention	PE	0.463	0.464	0.098	4.738	0.549
	EE	-0.023	-0.018	0.068	0.334	
	SI	0.356	0.359	0.091	3.897	
	FC	-0.017	-0.020	0.048	0.352	

5 Discussion and conclusion

The results of the survey show that the young population in the Republic of Serbia are acquainted with the SE platforms, that they have used these platforms in the Republic of Serbia and abroad and they would be open to participating in sharing clothes and accessories. The short UTAUT model showed that Effort Expectancy (EE) and Facility Condition (FC) are not statistically significant predictors of behaviour towards platforms in the fashion industry. One possible explanation for the results is that Gen Z is highly ICT skilled, as well as confident and experienced in using platforms. Therefore, these aspects of a platform are not detrimental. What proved to be important for using such a SE platform is the perceived efficiency improvement of an individual's life, as well as recommendations from friends and family. If this sharing trend continues to grow, along with the improvement of durability and quality of materials and the development of the second-hand industry, it is obvious that significant changes will be made in the fashion industry. If the platform owners are interested in increasing their participation in sharing clothes and apparel, they should focus on creating promotional campaigns with elements of previous users' experiences on how they have made easier, cheaper and more sustainable shopping. The functionalities of the platform should be on a high level, but should not be extensively communicated, as those aspects of the platform are expected. In conclusion, the findings of this study underscore that Gen Z in the Republic of Serbia is open to using a platform for sharing clothes and apparel and suggest how it should be promoted. The directions of future research could include the sample extension

(conducting the survey in other cities in the Republic of Serbia or the region), application of the regular UTAUT model and conducting the multi-group SEM analysis to compare the models between groups.

Acknowledgment

The research was financially supported by the University of Belgrade, Faculty of Organizational Sciences, Belgrade, Serbia. This research was supported by the Science Fund of the Republic of Serbia, Grant no. 7523041, Setting foundation for capacity building of sharing community in Serbia - PANACEA.

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